



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B61830

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

July 14, 2023

TO: THE OFFICIALS OF HAWCREEK TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Hawcreek Township (Township), Bartholomew County, for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ANNUAL NEPOTISM AND CONTRACTING CERTIFICATIONS

A similar comment appeared in the prior Reports B46849 and B55997.

Condition and Context

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-20.2 (Nepotism in Employment) by December 31 of 2019, 2020, 2021, and 2022.

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-21 (Nepotism in Contracting) by December 31 of 2019 and 2020. One elected officer did not certify in writing that they had not violated Indiana Code 36-1-21 (Nepotism in Contracting) by December 31 of 2021 and 2022.

Criteria

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CONTRACTS

Condition and Context

The Township was unable to provide the written contract for one disbursement payment made to a vendor for contractual services totaling \$5,000 during the engagement period.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Township Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The Township did not comply with the State Examiner Directive and failed to upload the monthly financial reports and all the annual files on the Indiana Gateway for Government Units financial reporting system for 2019 and 2020.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. . . . (State Examiner Directive 2018-1)

SUPPORTING DOCUMENTATION

Condition and Context

The Township did not provide supporting documentation for one of the ten disbursements selected for testing compliance with laws and regulations related to disbursements.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Township had not adopted a capital assets policy during the engagement period. In addition, the Township had not conducted a physical inventory or kept record of its capital assets.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BANK ACCOUNT RECONCILIATIONS AND ANNUAL FINANCIAL REPORT

Condition and Context

Depository reconciliations of the fund ledger balances to the bank account balances were not conducted from January 2019 to December 2020. As a result, the December 31, 2019 cash and investments ending balance per the Township ledger was \$1,899 more than the adjusted bank balance.

In addition, the Township did not ensure that fund balances reported in its Annual Financial Report (AFR) agreed to the fund balances in the Township ledger or to the prior period ending fund balances. As a result, the December 31, 2019, 2020, and 2022 AFRs' cash and investments ending balance were \$1,899, \$45,267, and \$1,847, respectively, more than the fund ledger balance.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Indiana Code 5-11-1-4(a) states:"

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8](#)."

OVERDRAWN CASH BALANCES

Condition and Context

The Firefighting Fund had an overdrawn cash balance of \$36,665 and \$24,964 as of December 31, 2021, and December 31, 2022, respectively. The Payroll Withholdings Fund had an overdrawn cash balance of \$1,079 as of December 31, 2021, and December 31, 2022.

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT BALANCES - REGULATORY BASIS As of December 31, 2022

Fund	Cash and Investments 12-31-22
Township General Fund	\$ 296,389
Township Assistance Fund	74,070
Firefighting Fund	(24,964)
Rainy Day Fund	15,476
Ley Excess Fund	8,030
Payroll Withholdings Fund	(1,079)
Total	<u>\$ 367,922</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Deb Hatton, Trustee; Danny Brown, Chair of the Township Board; Georgia McCarty, Township Board Secretary; and Nellie Meek, Township Board member, on May 15, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

Audit Exit Meeting Official Response

May 30.2023

Chairman of Hawcreek Advisory Board
Georgia Schaefer McCarty
8255 N 825 E
Hope, Indiana 47246

Good Afternoon Adebisi,

Please consider this letter as the Hawcreek Township Advisory Board's OFFICIAL RESPONSE & CAP. I'm not sure if our Trustee has sent an Official Response or not. I have asked her twice and she hasn't given me an answer.

Report Period: January 01, 2019 thru December 31,2022.

Nepotism Forms: We have signed some Nepotism forms and they should be in the files. The board will try in the future to make sure these are always signed.

Contracts: While approving monthly reports the board members should also check the files to be sure there is a signed contract for every check for contractors. If something is missing we shouldn't approve the reports for that month.

Monthly & Annual Reports: We're not sure how we are going to know for sure if these have been sent. We were under the impression that all reports were being sent on time and were told they were when we asked. If we were not being told the truth in the past how are we to trust and believe Debbie and Sandy?

Documentation: I Think there should always be a receipt or documentation stapled to a copy of the check. The board will also check for these when approving reports.

Capital Assets: Yes, The township does have capital assets and the board will make sure these are listed along with values in a Capital Assets Ledger, and that it's updated and audited regularly.

Bank Reconciliations & Annual Reports: As long as we receive copies of all the reports monthly we can make sure the totals match. We try to check on Gateway for the Yearend Reports. I now have a list so we know what to look for.

Overdrawn Cash Balances: I've Told Debbie and Sandy that we could not have negative balances. I told Sandy that with the Yearend Report and she said she couldn't fix it. I really don't think she knows how. The board will work with Debbie and get those corrected.

The Three board members, Maddy Halloran, Nellie Meek and myself think our first step toward improving should be to hire a consultant who actually knows bookkeeping. We will then work with them to try and train Debbie on these reports.

Respectfully Yours,
Georgia McCarty